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PANAMA: DEVELOPMENTS AND PROSPECTS

Panama and the United States have been intermittently engaged for almost 12 years in an attempt to negotiate a new Panama Canal treaty. The original 1903 accord, which granted the United States in perpetuity all the rights, power, and authority in the Canal Zone as if it were sovereign, has long rankled Panamanians. Treaty revisions in 1936 and 1955 did not affect these rights. Simmering nationalism over the canal issue culminated in the 1964 anti-US riots in which 20 Panamanians and four US citizens lost their lives. Panama broke relations with Washington and accused the US of "aggression." Negotiations to change the nature of our relationship began the following year. Treaty drafts prepared in 1967 were not signed by either government, and negotiations resumed in 1971 with the government of General Omar Torrijos, who had assumed power in 1968.

After a slow start, the negotiations picked up momentum in late 1973 with the assignment of Ambassador Ellsworth Bunker to head the US negotiating team. The two countries signed an eight-point Statement of Principles in 1974, which called for a fixed-term treaty, prompt cession to Panama of jurisdiction over the Canal Zone, continued US control over the administration and defense of the canal, with increasing Panamanian participation, an arrangement for expansion of the canal, and receipt by Panama of an "equitable" share in the canal's benefits. These principles have guided subsequent treaty talks.

Since then, more specific agreement has been reached on transferring jurisdiction over the Canal Zone to Panama, on phasing in Panamanian participation in the operation of the canal, and on a status of forces agreement. Significant progress has also been made in determining the extent of lands and waters to be retained by the US for the operation and defense of the canal. No agreement has yet been reached, however, on such basic issues as treaty duration, provision for the canal's neutrality and defense, possible expansion of transit facilities, and the amount and nature of compensation to be provided Panama.

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